

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 1517 - SB 1997**

February 17, 2016

**SUMMARY OF BILL:** Repeals the four-year property tax exemption for rural electric cooperatives on newly-constructed cooperative facilities and plants.

**ESTIMATED FISCAL IMPACT:**

**Increase Local Revenue - \$20,000/Per Project/Local Tax Assessor**

**Assumptions:**

- The cooperative four-year temporary tax credit is only applicable to local government.
- Based on information from Tennessee Electric Cooperative Association's website, there are 23 electric cooperatives in Tennessee.
- At least one electric cooperative is planning to build a new headquarters that would qualify under current law for the current four-year tax exemption.
- The extent of any local property taxes that would be paid on any newly-constructed electric cooperative facility or plant is unknown and dependent on specifics related to any such new facility; however, such amount is reasonably estimated to exceed \$5,000 per year.
- Therefore, the repeal on the current four-year electric cooperative property tax exemption is reasonably estimated to generate an increase in local revenue of at least \$5,000 per fiscal year for each of the four years following completed construction; a total estimated to exceed \$20,000 per project.

**IMPACT TO COMMERCE:**

**Increase Business Revenue – Exceeds \$20,000/Per Project**

**Increase Business Expenditures – Exceeds \$20,000/Per Project**

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Assumption:

- Cooperatives will utilize a customer rate increase to offset the local property taxes due on newly-constructed facilities and plants. The total increase in expenditures and revenue to electric cooperatives is estimated to exceed \$20,000 per project over the four-year period after construction.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/amj